

110TH CONGRESS
2D SESSION

S. _____

To provide tax relief for the victims of severe storms, tornados, and flooding
in the Midwest, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. GRASSLEY (for himself, Mr. HARKIN, Mr. DURBIN, Mr. COLEMAN, and
Mrs. McCASKILL) introduced the following bill; which was read twice and
referred to the Committee on _____

A BILL

To provide tax relief for the victims of severe storms, tor-
nados, and flooding in the Midwest, and for other pur-
poses.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TEMPORARY TAX RELIEF FOR AREAS DAM-**
4 **AGED BY 2008 MIDWESTERN SEVERE STORMS,**
5 **TORNADOS, AND FLOODING.**

6 (a) IN GENERAL.—Subject to the modifications de-
7 scribed in this section, the following provisions of or relat-
8 ing to the Internal Revenue Code of 1986 shall apply to

1 any Midwestern disaster area in addition to the areas to
2 which such provisions otherwise apply:

3 (1) GO ZONE BENEFITS.—

4 (A) Section 1400N (relating to tax bene-
5 fits) other than subsections (b), (i), (j), (m),
6 and (o) thereof.

7 (B) Section 1400O (relating to education
8 tax benefits).

9 (C) Section 1400P (relating to housing tax
10 benefits).

11 (D) Section 1400Q (relating to special
12 rules for use of retirement funds).

13 (E) Section 1400R(a) (relating to em-
14 ployee retention credit for employers).

15 (F) Section 1400S (relating to additional
16 tax relief) other than subsection (d) thereof.

17 (G) Section 1400T (relating to special
18 rules for mortgage revenue bonds).

19 (2) OTHER BENEFITS INCLUDED IN KATRINA
20 EMERGENCY TAX RELIEF ACT OF 2005.—Sections
21 302, 303, 304, 401, and 405 of the Katrina Emer-
22 gency Tax Relief Act of 2005.

23 (b) USE OF AMENDED INCOME TAX RETURNS TO
24 TAKE INTO ACCOUNT RECEIPT OF CERTAIN CASUALTY

1 LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN
2 CASUALTY LOSS DEDUCTIONS.—

3 (1) IN GENERAL.—Notwithstanding any other
4 provision of the Internal Revenue Code of 1986, if
5 a taxpayer claims a deduction for any taxable year
6 with respect to a casualty loss to a principal resi-
7 dence (within the meaning of section 121 of such
8 Code) resulting from the severe storms, tornados, or
9 flooding giving rise to any Presidential declaration
10 described in subsection (c)(1)(A) and in a subse-
11 quent taxable year receives a grant under any Fed-
12 eral or State program as reimbursement for such
13 loss, such taxpayer may elect to file an amended in-
14 come tax return for the taxable year in which such
15 deduction was allowed (and for any taxable year to
16 which such deduction is carried) and reduce (but not
17 below zero) the amount of such deduction by the
18 amount of such reimbursement.

19 (2) TIME OF FILING AMENDED RETURN.—
20 Paragraph (1) shall apply with respect to any grant
21 only if any amended income tax returns with respect
22 to such grant are filed not later than the later of—

23 (A) the due date for filing the tax return
24 for the taxable year in which the taxpayer re-
25 ceives such grant, or

1 (B) the date which is 1 year after the date
2 of the enactment of this Act.

3 (3) WAIVER OF PENALTIES AND INTEREST.—

4 Any underpayment of tax resulting from the reduc-
5 tion under paragraph (1) of the amount otherwise
6 allowable as a deduction shall not be subject to any
7 penalty or interest under such Code if such tax is
8 paid not later than 1 year after the filing of the
9 amended return to which such reduction relates.

10 (c) MIDWESTERN DISASTER AREA.—

11 (1) IN GENERAL.—For purposes of this section
12 and for applying the substitutions described in sub-
13 sections (e) and (f), the term “Midwestern disaster
14 area” means an area—

15 (A) with respect to which a major disaster
16 has been declared by the President on or after
17 May 20, 2008, and before August 1, 2008,
18 under section 401 of the Robert T. Stafford
19 Disaster Relief and Emergency Assistance Act
20 by reason of severe storms, tornados, or flood-
21 ing occurring in any of the States of Arkansas,
22 Illinois, Indiana, Iowa, Kansas, Michigan, Min-
23 nesota, Missouri, Nebraska, and Wisconsin, and

24 (B) determined by the President to war-
25 rant individual or individual and public assist-

1 ance from the Federal Government under such
2 Act with respect to damages attributable to
3 such severe storms, tornados, or flooding.

4 (2) CERTAIN BENEFITS AVAILABLE TO AREAS
5 ELIGIBLE ONLY FOR PUBLIC ASSISTANCE.—For pur-
6 poses of applying this section to benefits under the
7 following provisions, paragraph (1) shall be applied
8 without regard to subparagraph (B):

9 (A) Sections 1400Q, 1400S(b), and
10 1400S(d) of the Internal Revenue Code of
11 1986.

12 (B) Sections 302, 401, and 405 of the
13 Katrina Emergency Tax Relief Act of 2005.

14 (d) REFERENCES.—

15 (1) AREA.—Any reference in such provisions to
16 the Hurricane Katrina disaster area or the Gulf Op-
17 portunity Zone shall be treated as a reference to any
18 Midwestern disaster area and any reference to the
19 Hurricane Katrina disaster area or the Gulf Oppor-
20 tunity Zone within a State shall be treated as a ref-
21 erence to all Midwestern disaster areas within the
22 State.

23 (2) ITEMS ATTRIBUTABLE TO DISASTER.—Any
24 reference in such provisions to any loss, damage, or
25 other item attributable to Hurricane Katrina shall

1 be treated as a reference to any loss, damage, or
2 other item attributable to the severe storms, tor-
3 nados, or flooding giving rise to any Presidential
4 declaration described in subsection (c)(1)(A).

5 (3) APPLICABLE DISASTER DATE.—For pur-
6 poses of applying the substitutions described in sub-
7 sections (e) and (f), the term “applicable disaster
8 date” means, with respect to any Midwestern dis-
9 aster area, the date on which the severe storms, tor-
10 nados, or flooding giving rise to the Presidential dec-
11 laration described in subsection (c)(1)(A) occurred.

12 (e) MODIFICATIONS TO 1986 CODE.—The following
13 provisions of the Internal Revenue Code of 1986 shall be
14 applied with the following modifications:

15 (1) TAX-EXEMPT BOND FINANCING.—Section
16 1400N(a)—

17 (A) by substituting “qualified Midwestern
18 disaster area bond” for “qualified Gulf Oppor-
19 tunity Zone Bond” each place it appears, except
20 that in determining whether a bond is a quali-
21 fied Midwestern disaster area bond—

22 (i) paragraph (2)(A)(i) shall be ap-
23 plied by only treating costs as qualified
24 project costs if—

1 (I) in the case of a project involv-
2 ing a private business use (as defined
3 in section 141(b)(6)), either the per-
4 son using the property suffered a loss
5 in a trade or business attributable to
6 the severe storms, tornados, or flood-
7 ing giving rise to any Presidential dec-
8 laration described in subsection
9 (c)(1)(A) or is a person designated for
10 purposes of this section by the Gov-
11 ernor of the State in which the project
12 is located as a person carrying on a
13 trade or business replacing a trade or
14 business with respect to which another
15 person suffered such a loss, and

16 (II) in the case of a project relat-
17 ing to public utility property, the
18 project involves repair or reconstruc-
19 tion of public utility property dam-
20 aged by such severe storms, tornados,
21 or flooding, and

22 (ii) paragraph (2)(A)(ii) shall be ap-
23 plied by treating an issue as a qualified
24 mortgage issue only if 95 percent or more
25 of the net proceeds (as defined in section

1 150(a)(3)) of the issue are to be used to
2 provide financing for mortgagors who suf-
3 fered damages to their principal residences
4 attributable to such severe storms, tor-
5 nados, or flooding.

6 (B) by substituting “any State in which a
7 Midwestern disaster area is located” for “the
8 State of Alabama, Louisiana, or Mississippi” in
9 paragraph (2)(B),

10 (C) by substituting “designated for pur-
11 poses of this section (on the basis of providing
12 assistance to areas in the order in which such
13 assistance is most needed)” for “designated for
14 purposes of this section” in paragraph (2)(C),

15 (D) by substituting “January 1, 2013” for
16 “January 1, 2011” in paragraph (2)(D),

17 (E) in paragraph (3)(A)—

18 (i) by substituting “\$1,000” for
19 “\$2,500”, and

20 (ii) by substituting “before the ear-
21 liest applicable disaster date for Mid-
22 western disaster areas within the State”
23 for “before August 28, 2005”,

24 (F) by substituting “qualified Midwestern
25 disaster area repair or construction” for “quali-

1 fied GO Zone repair or construction” each place
2 it appears, and

3 (G) by substituting “after the date of the
4 enactment of the Housing and Economic Recov-
5 ery Act of 2008 and before January 1, 2013”
6 for “after the date of the enactment of this
7 paragraph and before January 1, 2011” in
8 paragraph (7)(C).

9 (2) LOW-INCOME HOUSING CREDIT.—Section
10 1400N(c)—

11 (A) only with respect to calendar years
12 2009, 2010, and 2011,

13 (B) by substituting “Disaster Recovery As-
14 sistance housing amount” for “Gulf Oppor-
15 tunity housing amount”,

16 (C) in paragraph (1)(B)—

17 (i) by substituting “\$4.00” for
18 “\$18.00”, and

19 (ii) by substituting “before the ear-
20 liest applicable disaster date for Mid-
21 western disaster areas within the State”
22 for “before August 28, 2005” , and

23 (D) determined without regard to para-
24 graphs (2), (3), (4), (5), and (6) thereof.

1 (3) SPECIAL ALLOWANCE FOR CERTAIN PROP-
2 ERTY ACQUIRED ON OR AFTER THE APPLICABLE
3 DISASTER DATE.—Section 1400N(d)—

4 (A) by substituting “qualified Disaster Re-
5 covery Assistance property” for “qualified Gulf
6 Opportunity Zone property” each place it ap-
7 pears, except that a taxpayer shall be allowed
8 additional bonus depreciation and expensing
9 under such subsection or section 1400N(e) with
10 respect to such property only if—

11 (i) the taxpayer suffered an economic
12 loss attributable to the severe storms, tor-
13 nados, or flooding giving rise to any Presi-
14 dential declaration described in subsection
15 (c)(1)(A), and

16 (ii) such property—

17 (I) rehabilitates property dam-
18 aged, or replaces property destroyed
19 or condemned, as a result of such se-
20 vere storms, tornados, or flooding, ex-
21 cept that, for purposes of this clause,
22 property shall be treated as replacing
23 property destroyed or condemned if,
24 as part of an integrated plan, such
25 property replaces property which is in-

1 cluded in a continuous area which in-
2 cludes real property destroyed or con-
3 demned, and

4 (II) is similar in nature to, and
5 located in the same county as, the
6 property being rehabilitated or re-
7 placed,

8 (B) by substituting “the applicable disaster
9 date” for “August 28, 2005” each place it ap-
10 pears,

11 (C) by substituting “December 31, 2011”
12 for “December 31, 2007” in paragraph
13 (2)(A)(v),

14 (D) by substituting “December 31, 2012”
15 for “December 31, 2008” in paragraph
16 (2)(A)(v),

17 (E) by substituting “the day before the ap-
18 plicable disaster date” for “August 27, 2005”
19 in paragraph (3)(A),

20 (F) determined without regard to para-
21 graph (6) thereof, and

22 (G) by not including as qualified Disaster
23 Recovery Assistance property any property to
24 which section 168(k) applies.

1 (4) INCREASE IN EXPENSING UNDER SECTION
2 179.—Section 1400N(e), by substituting “qualified
3 section 179 Disaster Recovery Assistance property”
4 for “qualified section 179 Gulf Opportunity Zone
5 property” each place it appears.

6 (5) EXPENSING FOR CERTAIN DEMOLITION AND
7 CLEAN-UP COSTS.—Section 1400N(f)—

8 (A) by substituting “qualified Disaster Re-
9 covery Assistance clean-up cost” for “qualified
10 Gulf Opportunity Zone clean-up cost” each
11 place it appears,

12 (B) by substituting “beginning on the ap-
13 plicable disaster date and ending on December
14 31, 2010” for “beginning on August 28, 2005,
15 and ending on December 31, 2007” in para-
16 graph (2), and

17 (C) by treating costs as qualified Disaster
18 Recovery Assistance clean-up costs only if the
19 removal of debris or demolition of any structure
20 was necessary due to damage attributable to
21 the severe storms, tornados, or flooding giving
22 rise to any Presidential declaration described in
23 subsection (c)(1)(A).

24 (6) EXTENSION OF EXPENSING FOR ENVIRON-
25 MENTAL REMEDIATION COSTS.—Section 1400N(g)—

1 (A) by substituting “the applicable disaster
2 date” for “August 28, 2005” each place it ap-
3 pears,

4 (B) by substituting “January 1, 2011” for
5 “January 1, 2008” in paragraph (1),

6 (C) by substituting “December 31, 2010”
7 for “December 31, 2007” in paragraph (1), and

8 (D) by treating a site as a qualified con-
9 taminated site only if the release (or threat of
10 release) or disposal of a hazardous substance at
11 the site was attributable to the severe storms,
12 tornados, or flooding giving rise to any Presi-
13 dential declaration described in subsection
14 (c)(1)(A).

15 (7) INCREASE IN REHABILITATION CREDIT.—
16 Section 1400N(h)—

17 (A) by substituting “the applicable disaster
18 date” for “August 28, 2005”,

19 (B) by substituting “January 1, 2011” for
20 “January 1, 2008” in paragraph (1), and

21 (C) by only applying such subsection to
22 qualified rehabilitation expenditures with re-
23 spect to any building or structure which was
24 damaged or destroyed as a result of the severe
25 storms, tornados, or flooding giving rise to any

1 Presidential declaration described in subsection
2 (c)(1)(A).

3 (8) TREATMENT OF NET OPERATING LOSSES
4 ATTRIBUTABLE TO DISASTER LOSSES.—Section
5 1400N(k)—

6 (A) by substituting “qualified Disaster Re-
7 covery Assistance loss” for “qualified Gulf Op-
8 portunity Zone loss” each place it appears,

9 (B) by substituting “after the day before
10 the applicable disaster date, and before January
11 1, 2011” for “after August 27, 2005, and be-
12 fore January 1, 2008” each place it appears,

13 (C) by substituting “the applicable disaster
14 date” for “August 28, 2005” in paragraph
15 (2)(B)(ii)(I),

16 (D) by substituting “qualified Disaster Re-
17 covery Assistance property” for “qualified Gulf
18 Opportunity Zone property” in paragraph
19 (2)(B)(iv), and

20 (E) by substituting “qualified Disaster Re-
21 covery Assistance casualty loss” for “qualified
22 Gulf Opportunity Zone casualty loss” each
23 place it appears.

24 (9) CREDIT TO HOLDERS OF TAX CREDIT
25 BONDS.—Section 1400N(l)—

1 (A) by substituting “Midwestern tax credit
2 bond” for “Gulf tax credit bond” each place it
3 appears,

4 (B) by substituting “any State in which a
5 Midwestern disaster area is located” for “the
6 State of Alabama, Louisiana, or Mississippi” in
7 paragraph (4)(A)(i),

8 (C) by substituting “after December 31,
9 2008 and before January 1, 2010” for “after
10 December 31, 2005, and before January 1,
11 2007”,

12 (D) by substituting “shall not exceed
13 \$100,000,000 for any State with an aggregate
14 population located in all Midwestern disaster
15 areas within the State of at least 2,000,000,
16 \$50,000,000 for any State with an aggregate
17 population located in all Midwestern disaster
18 areas within the State of at least 1,000,000 but
19 less than 2,000,000, and zero for any other
20 State. The population of a State within any
21 area shall be determined on the basis of the
22 most recent census estimate of resident popu-
23 lation released by the Bureau of Census before
24 the earliest applicable disaster date for Mid-
25 western disaster areas within the State.” for

1 “shall not exceed” and all that follows in para-
2 graph (4)(C), and

3 (E) by substituting “the earliest applicable
4 disaster date for Midwestern disaster areas
5 within the State” for “August 28, 2005” in
6 paragraph (5)(A).

7 (10) EDUCATION TAX BENEFITS.—Section
8 1400O, by substituting “2008 or 2009” for “2005
9 or 2006”.

10 (11) HOUSING TAX BENEFITS.—Section 1400P,
11 by substituting “the applicable disaster date” for
12 “August 28, 2005” in subsection (c)(1).

13 (12) SPECIAL RULES FOR USE OF RETIREMENT
14 FUNDS.—Section 1400Q—

15 (A) by substituting “qualified Disaster Re-
16 covery Assistance distribution” for “qualified
17 hurricane distribution” each place it appears,

18 (B) by substituting “on or after the appli-
19 cable disaster date and before January 1,
20 2010” for “on or after August 25, 2005, and
21 before January 1, 2007” in subsection
22 (a)(4)(A)(i),

23 (C) by substituting “the applicable disaster
24 date” for “August 28, 2005” in subsections
25 (a)(4)(A)(i) and (c)(3)(B),

1 (D) by disregarding clauses (ii) and (iii) of
2 subsection (a)(4)(A) thereof,

3 (E) by substituting “qualified storm dam-
4 age distribution” for “qualified Katrina dis-
5 tribution” each place it appears,

6 (F) by substituting “after the date which
7 is 6 months before the applicable disaster date
8 and before the date which is the day after the
9 applicable disaster date” for “after February
10 28, 2005, and before August 29, 2005” in sub-
11 section (b)(2)(B)(ii),

12 (G) by substituting “the Midwestern dis-
13 aster area, but not so purchased or constructed
14 on account of severe storms, tornados, or flood-
15 ing giving rise to the designation of the area as
16 a disaster area” for “the Hurricane Katrina
17 disaster area, but not so purchased or con-
18 structed on account of Hurricane Katrina” in
19 subsection (b)(2)(B)(iii),

20 (H) by substituting “beginning on the ap-
21 plicable disaster date and ending on the date
22 which is 5 months after the date of the enact-
23 ment of the Housing and Economic Recovery
24 Act of 2008” for “beginning on August 25,

1 2005, and ending on February 28, 2006” in
2 subsection (b)(3)(A),

3 (I) by substituting “qualified storm dam-
4 age individual” for “qualified Hurricane
5 Katrina individual” each place it appears,

6 (J) by substituting “December 31, 2009”
7 for “December 31, 2006” in subsection
8 (c)(2)(A),

9 (K) by substituting “beginning on the date
10 of the enactment of the Housing and Economic
11 Recovery Act of 2008 and ending on December
12 31, 2009” for “beginning on September 24,
13 2005, and ending on December 31, 2006” in
14 subsection (c)(4)(A)(i),

15 (L) by substituting “the applicable disaster
16 date” for “August 25, 2005” in subsection
17 (c)(4)(A)(ii), and

18 (M) by substituting “January 1, 2010” for
19 “January 1, 2007” in subsection (d)(2)(A)(ii).

20 (13) EMPLOYEE RETENTION CREDIT FOR EM-
21 PLOYERS AFFECTED BY SEVERE STORMS, TOR-
22 NADOS, AND FLOODING.—Section 1400R(a)—

23 (A) by substituting “the applicable disaster
24 date” for “August 28, 2005” each place it ap-
25 pears,

1 (B) by substituting “January 1, 2009” for
2 “January 1, 2006” both places it appears, and
3 (C) only with respect to eligible employers
4 who employed an average of not more than 200
5 employees on business days during the taxable
6 year before the applicable disaster date.

7 (14) TEMPORARY SUSPENSION OF LIMITATIONS
8 ON CHARITABLE CONTRIBUTIONS.—Section
9 1400S(a), by substituting the following paragraph
10 for paragraph (4) thereof:

11 “(4) QUALIFIED CONTRIBUTIONS.—

12 “(A) IN GENERAL.—For purposes of this
13 subsection, the term ‘qualified contribution’
14 means any charitable contribution (as defined
15 in section 170(c)) if—

16 “(i) such contribution—

17 “(I) is paid during the period be-
18 ginning on the earliest applicable dis-
19 aster date for all States and ending
20 on December 31, 2008, in cash to an
21 organization described in section
22 170(b)(1)(A), and

23 “(II) is made for relief efforts in
24 1 or more Midwestern disaster areas,

1 “(ii) the taxpayer obtains from such
2 organization contemporaneous written ac-
3 knowledgment (within the meaning of sec-
4 tion 170(f)(8)) that such contribution was
5 used (or is to be used) for relief efforts in
6 1 or more Midwestern disaster areas, and

7 “(iii) the taxpayer has elected the ap-
8 plication of this subsection with respect to
9 such contribution.

10 “(B) EXCEPTION.—Such term shall not in-
11 clude a contribution by a donor if the contribu-
12 tion is—

13 “(i) to an organization described in
14 section 509(a)(3), or

15 “(ii) for establishment of a new, or
16 maintenance of an existing, donor advised
17 fund (as defined in section 4966(d)(2)).

18 “(C) APPLICATION OF ELECTION TO PART-
19 NERSHIPS AND S CORPORATIONS.—In the case
20 of a partnership or S corporation, the election
21 under subparagraph (A)(iii) shall be made sepa-
22 rately by each partner or shareholder.”.

23 (15) SUSPENSION OF CERTAIN LIMITATIONS ON
24 PERSONAL CASUALTY LOSSES.—Section

1 1400S(b)(1), by substituting “the applicable disaster
2 date” for “August 25, 2005”.

3 (16) SPECIAL RULE FOR DETERMINING
4 EARNED INCOME.—Section 1400S(d)—

5 (A) by treating an individual as a qualified
6 individual if such individual’s principal place of
7 abode on the applicable disaster date was lo-
8 cated in a Midwestern disaster area,

9 (B) by treating the applicable disaster date
10 with respect to any such individual as the appli-
11 cable date for purposes of such subsection, and

12 (C) by treating an area as described in
13 paragraph (2)(B)(ii) thereof if the area is a
14 Midwestern disaster area only by reason of sub-
15 section (b)(2) of this section (relating to areas
16 eligible only for public assistance)

17 (17) ADJUSTMENTS REGARDING TAXPAYER AND
18 DEPENDENCY STATUS.—Section 1400S(e), by sub-
19 stituting “2008 or 2009” for “2005 or 2006”.

20 (f) MODIFICATIONS TO KATRINA EMERGENCY TAX
21 RELIEF ACT OF 2005.—The following provisions of the
22 Katrina Emergency Tax Relief Act of 2005 shall be ap-
23 plied with the following modifications:

24 (1) ADDITIONAL EXEMPTION FOR HOUSING DIS-
25 PLACED INDIVIDUAL.—Section 302—

1 (A) by substituting “2008 or 2009” for
2 “2005 or 2006” in subsection (a) thereof,

3 (B) by substituting “Midwestern displaced
4 individual” for “Hurricane Katrina displaced
5 individual” each place it appears, and

6 (C) by treating an area as a core disaster
7 area for purposes of applying subsection (c)
8 thereof if the area is a Midwestern disaster area
9 without regard to subsection (b)(2) of this sec-
10 tion (relating to areas eligible only for public
11 assistance).

12 (2) INCREASE IN STANDARD MILEAGE RATE.—
13 Section 303, by substituting “beginning on the ap-
14 plicable disaster date and ending on December 31,
15 2008” for “beginning on August 25, 2005, and end-
16 ing on December 31, 2006”.

17 (3) MILEAGE REIMBURSEMENTS FOR CHARI-
18 TABLE VOLUNTEERS.—Section 304—

19 (A) by substituting “beginning on the ap-
20 plicable disaster date and ending on December
21 31, 2008” for “beginning on August 25, 2005,
22 and ending on December 31, 2006” in sub-
23 section (a), and

24 (B) by substituting “the applicable disaster
25 date” for “August 25, 2005” in subsection (a).

1 (4) EXCLUSION OF CERTAIN CANCELLATION OF
2 INDEBTEDNESS INCOME.—Section 401—

3 (A) by treating an individual whose prin-
4 cipal place of abode on the applicable disaster
5 date was in a Midwestern disaster area (deter-
6 mined without regard to subsection (b)(2) of
7 this section) as an individual described in sub-
8 section (b)(1) thereof, and by treating an indi-
9 vidual whose principal place of abode on the ap-
10 plicable disaster date was in a Midwestern dis-
11 aster area solely by reason of subsection (b)(2)
12 of this section as an individual described in sub-
13 section (b)(2) thereof,

14 (B) by substituting “the applicable disaster
15 date” for “August 28, 2005” both places it ap-
16 pears, and

17 (C) by substituting “January 1, 2010” for
18 “January 1, 2007” in subsection (e).

19 (5) EXTENSION OF REPLACEMENT PERIOD FOR
20 NONRECOGNITION OF GAIN.—Section 405, by sub-
21 stituting “on or after the applicable disaster date”
22 for “on or after August 25, 2005”.

23 **SEC. 2. ENHANCED CHARITABLE DEDUCTIONS FOR CON-**
24 **TRIBUTIONS OF FOOD INVENTORY.**

25 (a) INCREASED AMOUNT OF DEDUCTION.—

1 (1) IN GENERAL.—Clause (iv) of section
2 170(e)(3)(C) (relating to termination) of the Inter-
3 nal Revenue Code of 1986 is amended by striking
4 “December 31, 2007” and inserting “December 31,
5 2009”.

6 (2) EFFECTIVE DATE.—The amendment made
7 by this subsection shall apply to contributions made
8 after December 31, 2007.

9 (b) TEMPORARY SUSPENSION OF LIMITATIONS ON
10 CHARITABLE CONTRIBUTIONS.—

11 (1) IN GENERAL.—Section 170(b) of such Code
12 is amended by adding at the end the following new
13 paragraph:

14 “(3) TEMPORARY SUSPENSION OF LIMITATIONS
15 ON CHARITABLE CONTRIBUTIONS.—In the case of a
16 qualified farmer or rancher (as defined in paragraph
17 (1)(E)(v)), any charitable contribution of food—

18 “(A) to which subsection (e)(3)(C) applies
19 (without regard to clause (ii) thereof), and

20 “(B) which is made during the period be-
21 ginning on the date of the enactment of this
22 paragraph and before January 1, 2009,
23 shall be treated for purposes of paragraph (1)(E) or
24 (2)(B), whichever is applicable, as if it were a quali-
25 fied conservation contribution which is made by a

1 qualified farmer or rancher and which otherwise
2 meets the requirements of such paragraph.”.

3 (2) EFFECTIVE DATE.—The amendment made
4 by this subsection shall apply to taxable years end-
5 ing after the date of the enactment of this Act.

6 **SEC. 3. EXTENSION OF ENHANCED CHARITABLE DEDUC-**
7 **TION FOR CONTRIBUTIONS OF BOOK INVEN-**
8 **TORY.**

9 (a) EXTENSION.—Clause (iv) of section 170(e)(3)(D)
10 of the Internal Revenue Code of 1986 (relating to termi-
11 nation) of the Internal Revenue Code of 1986 is amended
12 by striking “December 31, 2007” and inserting “Decem-
13 ber 31, 2009”.

14 (b) CLERICAL AMENDMENT.—Clause (iii) of section
15 170(e)(3)(D) of such Code (relating to certification by
16 donee) is amended by inserting “of books” after “to any
17 contribution”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to contributions made after De-
20 cember 31, 2007.

21 **SEC. 4. REPORTING REQUIREMENTS RELATING TO DIS-**
22 **ASTER RELIEF CONTRIBUTIONS.**

23 (a) IN GENERAL.—Section 6033(b) of the Internal
24 Revenue Code of 1986 (relating to returns of certain orga-
25 nizations described in section 501(c)(3)) is amended by

1 striking “and” at the end of paragraph (13), by redesigning
2 paragraph (14) as paragraph (15), and by adding
3 after paragraph (13) the following new paragraph:

4 “(14) such information as the Secretary may
5 require with respect to disaster relief activities, in-
6 cluding the amount and use of qualified contribu-
7 tions to which section 1400S(a) applies, and”.

8 (b) **EFFECTIVE DATE.**—The amendments made by
9 this section shall apply to returns the due date for which
10 (determined without regard to any extension) occurs after
11 December 31, 2008.